



THEMBELIHLE

LOCAL MUNICIPALITY
PLAASLIKE MUNISIPALITEIT
U-MASIPALA WASEKUHLENI

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON THE ANNUAL REPORT 2015/2016

PURPOSE

To submit the Oversight Report for consideration.

INTRODUCTION

In accordance with the provisions of Section 79 (1) (a) (b) and (c) of the Municipal Structures Act 1998 a municipality may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and appoint the members of such committee from among its members. Furthermore, Section 79 (2) of the Municipal Structures Act, 1998 provides the framework and guidelines within which such committees of council shall operate.

During the 2009 Association of Public Accounts Committee (APAC) Conference a resolution was taken stating that the Conference supports the establishment of Municipal Public Accounts Committees (MPACs) in each municipality in the country as part of improving financial management and accountability at local level.

Thus in order to enhance, promote and consolidate the oversight role of the Council over the executive, the Department of Cooperative Governance and Traditional Affairs having consulted the National Treasury and SALGA, has instructed that all municipalities establish MPACs. The focus of the MPAC will be to assist Council to hold the executive to account and to ensure the effective and efficient use of municipal resources.

The functions of the Municipal Public Accounts Committee (MPAC) are to:

- i. Undertake a review and analysis of the Annual Report.
- ii. Invite, receive and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- iii. Consider written comments received on the Annual Report from the public consultation process.
- iv. Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- v. Preparation of the draft Oversight Report, taking into consideration the views and inputs of the public, representative(s) of the Auditor General, organs of states, Council's Audit Committee and Councillors.
- vi. Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.

COMMITTEE COMPOSITION

An MPAC Committee was established by Council resolution dated 27 September 2016 in terms of section 79 of the Municipal Structures Act, 117 of 1998. The Committee consists of:

Cllr R Ngxabazi (Chairperson)
Cllr P Naude
Cllr S Swartling

BACKGROUND

The Municipal Public Accounts Committee of Thembelihle (MPAC) considered the 2015/2016 Annual Report and subsequently thereto the report of the Auditor-General.

DISCUSSIONS

The committee dealt with the following matters and made recommendations thereon:

1. Chapter 3 of the 2015/2016 Annual Report deals with the non-financial information of the municipality and the fact that very little or no such information is available for inclusion in the Annual Report.
2. Chapter 6 of the draft 2015/2016 Annual Report deals with the report of the Auditor-General and comments thereon. The MPAC noted that the Council received a qualified audit report for the 2015/2016 financial year.
3. The MPAC noted that the Section 71 reports must be timeously submitted and must be correctly compiled.
4. The MPAC reiterated that the municipality, particularly the Technical Services department must in future retain all supporting documentation of their activities that is of a non-financial nature; and that such information must be in an acceptable, usable format that would allow it to be included in the Annual Report under chapter 3. The Annual Report of the next financial year will be assessed for compliance with the aforementioned and corrective action taken in case there is non-compliance.

RECOMMENDATIONS

The following recommendations are hereby made:

1. That Council fully considered the Oversight Report 2015/16 on the Annual Report 2015/16 for adoption;
2. That Council fully considered the Annual Report 2015/16 without reservations for adoption;
3. That the Oversight Report 2015/16 be made public in accordance with Section 129(3) of the MFMA;
4. That the Oversight Report on the Annual Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the MFMA.

RESOLUTIONS AND STATEMENT

Council resolves that:

1. The Council having fully considered the 2015/2016 annual report of the municipality and representations thereon, adopts the 2015/2016 oversight report; and
2. Council approves the 2015/2016 annual report without reservations.
3. The Oversight Report 2015/2016 to be made public in accordance with section 129(3) of the MFMA
4. The Oversight Report on the Annual Report be submitted to the Provincial Legislature in accordance with section 132(2) of the MFMA.

CONCLUSION

The audit report on the 2015/16 financial year is welcomed. The committee is of the opinion that more work can be done and greater efforts made to improve the audit opinion of the municipality.

MPAC will continue to carry out its oversight role, namely to assist the municipality to be accountable to the community and to make meaningful recommendations to assist the municipality.

Furthermore, MPAC will keep monitoring the non-financial performance of the municipality and continue to request that all supporting documentation in that regard be retained for record and audit purposes.



Cllr R Ngxabazi

Chairperson

Municipal Public Accounts Committee (MPAC)

Date: 31 March 2017